

USAID/Eritrea

**Results Review and
Resource Request**

March 1997

I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

A. The Eritrean Context

Over the past year, the young state of Eritrea continued its exciting and pace-setting experiment in nation-building, and, similarly, USAID/Eritrea established itself as Eritrea's leading development partner. During this year, USAID/Eritrea undertook an intensive and consultative planning process with the State of Eritrea (GSE) and other partners, culminating in the preparation of a proposal for an "Investment Partnership" between USAID and the State of Eritrea -- the first USAID country strategic plan for Eritrea since USAID began full operations in 1995. The Investment Partnership will be submitted and reviewed in Washington in April, 1997.

The degree of collaboration, indeed integration with the Government of Eritrea in the preparation of the strategy was unique. The goals, objectives and approaches outlined in the strategy are truly Eritrean-owned, if not led, and will be accomplished through a partnership between USAID and the relevant Eritrean public- and private-sector organizations. Despite the difficult economic situation in Eritrea, the investment plan is designed for sustainable development, while completing the transition from emergency and relief, although it includes provisions for crisis response. The plan is consistent with the GSE's Macro-Policy and sectoral strategies, are fully incorporated into the implementing organizations' operations, and include elements of capacity-building (within the GSE and other partners) where necessary to allow them to carry out the programs.

Eritrea's progress toward democracy has accelerated this year. The nation's first elections, for a Constituent Assembly, were successfully held between November, 1996 and March, 1997. Starting from a draft Constitution prepared in a broad, extended participatory process, the Assembly is expected to ratify the Eritrean Constitution by May, 1997. Eritrea also continues to enjoy a sense of national unity across ethnic and religious lines. Also significant this year was

Highlights of the USAID Investment Partnership with Eritrea

The Partnership details a five-year, \$73 million (\$50 million DA) investment in Eritrea's development.

< Investment Objective 1
(I.O.1): **Increased use of sustainable primary health care services by Eritreans**

< Investment Objective 2
(I.O.2): **Increased income of enterprises, primarily rural, with emphasis on exports**

< Investment Objective 3
(I.O.3): **Increased capacity for accountable democratic governance at local and national levels**

the downsizing, streamlining and decentralization of the GSE. These actions not only improved the fiscal status of the government but also sent a clear signal about the GSE's intentions to limit the role of the national government (The temporary dislocations due to this restructuring also slowed progress in partnership activities.) While these are encouraging signs, Eritrea still has a long road to ahead of it to achieve a fully-participatory democratic government.

Although the determined commitment of the GSE and the Eritrean people to self-reliant development is striking, there are a number of challenges that will make it difficult to achieve development results. One challenge is the very commitment to partnership which makes the USAID/Eritrea program so exciting. In the short run, it would be easier to obtain results by having external actors do more of the planning and implementation. The GSE's insistence on owning the plans and carrying out the implementation means many activities are very slow to start, and may require a capacity-building phase before people-level results can begin to be achieved. USAID/Eritrea is still learning how to manage this process in the most fruitful and expeditious way possible.

Eritrean agriculture, which provides the livelihood of 80% of people, remains precarious. In 1996 the rains failed in much of the country, including the southwest (near Sudan) where many refugee reintegration projects were under way. The generally-poor agricultural conditions made it difficult to achieve results or evaluate effectiveness of agricultural programs for the returnees. Surplus crop production in Ethiopia, combined with PL-480 Title III assistance to Eritrea were sufficient to meet Eritrea's food needs.

On the positive side, the past year saw a significant upswing in foreign direct investment, especially in the extractive industries.

B. The Greater Horn of Africa Initiative

USAID/Eritrea's proposed Investment Partnership has not only been developed within the framework of the GHAI -- it is a GHAI country strategy. The GHAI goals of food security and crisis prevention as well as the GHAI principles have guided dialogue with the GSE, the analysis and assessment, and formulation of the investment plan.

1. GHAI Goals

Food Security: As Eritrea has relatively low domestic capacity to utilize and materialize its agricultural potential, achieving food security is not primarily a question of agricultural production, but of income from **enterprise** and its employment, trade and exports, particularly in the less-developed rural areas. This is one of three objectives of the GSE's Food Security Strategy. USAID's interventions in **health** and **governance** also contribute directly to improving food security.

Crisis Prevention: After thirty years of war, with neighbors in conflict, and being drought-prone, Eritrea understands crisis and has developed coping strategies both nationally and at the household level. The movement towards strong financial management, rule of law and representative, decentralized structures of **governance** should provide the macroeconomic stability, mechanisms for dissent and conflict resolution, fair judicial process, and capacity to mobilize that are the "sine qua non" of crisis prevention. The government is acutely concerned about the risks of divisiveness from ethnic and economic stratification and is striving for balanced, broad-based development, particularly in the predominantly Muslim rural lowlands. USAID/Eritrea's investments in **health** services and income-producing **enterprise** are centered in these areas.

2. GHAI Principles

African Ownership: Few countries in Africa insist upon ownership of externally-assisted activities as does Eritrea. The Investment Partnership goes beyond consultation to a partnership between equals. Investments are mutually agreed upon based on the GSE's assessment of its priorities and the socio-economic returns for Eritrea, and USAID/Eritrea's assessment of U.S. political and economic returns within USAID priorities (and Congressional mandate).

Strategic Coordination: Within USAID, consistent with Integrated Strategic Planning, substantial input to the Investment Partnership was made by representatives of BHR/FFP, BHR/OFDA, G/DG, AFR/SD, and REDSO/ESA/GHAI. The strategy completely incorporates Food for Peace Title II and Title III resources within the development objectives. Within the USG, strategic coordination is now being initiated through a newly-integrated U.S. Embassy Country Team, which exchanges ideas and information to facilitate joint programming. The Mission Program Plan (MPP) process has been expanded to ensure integrated, inter-agency planning. The USAID Investment Partnership supports the 1997 MPP and will inform the annual plans of USIS, DOD, and PC as well as the 1998 MPP.

Coordination with the Eritrean government has been less formal, the result of intensive dialogue and flexible response to GSE priorities. Full coordination with other donors has been more difficult given the GSE's insistence that donor coordination is its role alone. USAID/Eritrea has, however, experienced good coordination at the sectoral level and is

making a proactive effort to collaborate with other donors both in Eritrea and at their headquarters.

Regional Approaches: The GSE is a leading proponent of regionalism in the Horn. Its leadership is playing an active catalytic role in the revitalization and broadening of IGAD and has an outward-looking foreign and trade policy. The Investment Partnership supports Eritrea's regional leadership through bilateral dialogue, support for regional GHA programs, and assistance for trade and investment. At the activity level, USAID/Eritrea supports the sale of iodized salt throughout the region, regionally-important locust control and an expansion of regional trade, and looks forward to initiating joint programming with USAID/Ethiopia.

Linking Relief and Development: The GSE has taken several specific policy actions to shift from relief to development, most supported by USAID/Eritrea: a policy to phase-out feeding programs and monetize all food assistance; merging the major relief and refugee agencies; and establishing local councils and administrations to decentralize implementation of rehabilitation.

A review of U.S. funded activities showed that BHR/FFP and /OFDA and State/PRM assistance related to the emergency (including repatriation of returning refugees) was successful in providing income-generating assets for returnees; and Emergency PL-480 Title II Food Aid successfully evolved into the current bilateral Title III Food for Development program. Building on these, USAID/Eritrea's Primary Health Care and Rural Enterprise Investment Objectives will target the western lowlands to ensure the provision of services and opportunities to repatriated and displaced populations as well as the local communities they impact.

Change Amidst Instability: USAID's strategic planning explicitly considered crisis scenarios, including national or regional drought, internal war, and regional political shocks. The plan includes a "Crisis Modifier", which describes initial planning over how the program should be modified in the face of a crisis. Eritrea's current national unity, the efforts of the GSE to broaden and deepen participation, the decentralization to regional administrations cutting across ethnic lines, and the leadership's demonstrated early warning and intelligence capabilities are an impressive guarantee against sudden destabilization. The U.S. Embassy and USAID/Eritrea support the GSE's decentralization effort, and its new early warning system (EFWIS). Assistance in primary health care and rural enterprise is focused on the vulnerable western lowlands bordering Sudan.

II. PROGRESS TOWARD OBJECTIVES

USAID/Eritrea has operated without an approved country strategic plan since its inception (USAID provided humanitarian assistance in Eritrea since before it became a nation; the USAID office was inaugurated in 1995.) This is not to say that there was no strategic thinking; USAID identified strategic opportunities to fund priority programs and developed strategic emphases. However, the choice of projects was somewhat ad hoc, and the mission has been working and consulting widely on the Investment Partnership over the last year to strategically guide the choice of investments to maximize significant.

During the interim, several projects were funded and substantial results obtained as detailed below. More importantly, during this period USAID/Eritrea began to experiment with “doing business differently” with the GSE, and built up the credibility and trust that makes the ambitious Investment Partnership possible.

The GSE is determined to take full responsibility for the development of Eritrea, to be self-reliant and to avoid aid dependency. To this end it exercises great caution before allowing multilateral organizations, bilateral aid, or international non-governmental organizations to initiate programs. The programs must be fully integrated into the GSE's development priorities and plans, and must be designed to avoid creating unsustainability or dependency. Eritrea has often refused to accept aid funding, and forbidden NGOs to initiate programs, if it felt these criteria were not met. The GSE also categorically rejects conditional or tied assistance or that which is encumbered by inflexible requirements and regulations. While USAID applauds this level of responsibility and commitment, it makes doing business in Eritrea more difficult.

USAID/Eritrea is learning to do business effectively in this environment. The road has been rocky, and much remains to be learned. However, it has made tremendous progress this year. The greatest accomplishment was establishing its working relationship, its professional credibility, and its leading position with the Eritrean leadership and private sector. The indicator of this accomplishment is the quality and ambitious scope of the Investment Partnership. Since the initial strategic thinking, the Partnership has been made more ambitious in several ways.

<A large new type of PL-480 Title III Food for Development Program was negotiated and approved, ensuring that the need for Eritrean ownership, impact on food security, and USAID accountability were met. It is a model for other donors' program assistance.

<The Primary Health Care Investment Objective was upgraded and broadened from only "Increased access" to "Increased use" of primary health care services.

<Judiciary and civic participation components were added to broaden a limited approach to democratic governance from a Target of Opportunity or Special Objective to a full Investment Objective.

<The approach for food security evolved into a broad, proposed Rural Enterprise Investment Objective (with no/direct GSE involvement) which was deepened to include ambitious targets, a major effort in the financial sector, and facilitation of U.S. and other direct investment.

As mentioned above, learning to work in true partnership with a new government in a capacity-poor country entails many pitfalls. Several activities have been approved in principle, but had to wait for months as agreement was intensively negotiated on the details. This (as well as the lack of billing with large UN and USG university grantees) accounts for the relatively substantial pipeline of the program to date. As the GSE struggles with certain issues for the first time, they are prone to modifying policy positions. Mistakes have been made in trying to accommodate last minute changes (for example, due to late changes in specifications, implements for USAID-procured tractors were incompatible; by the time a solution was found the first growing season was lost). USAID/Eritrea is learning from these mistakes and frustrations. The Investment Partnership is a significant step forward. The broad-based agreement on strategic approaches will form a foundation to speed the negotiation of future activities.

**Investment Objective 1:
Increased use of sustainable, integrated primary
health care services by Eritreans**

1. Performance Analysis

USAID assistance to the health sector began in 1994 with grants to UNICEF, the award of geographically-focused child survival project with Africare and World Vision, and support to the Ministry of Health (MOH) through BASICS, a U.S.-based contractor, to initiate the Ministry's primary health care agenda.

USAID assistance enabled **Eritrea's first Demographic and Health Survey (DHS)** in 1996. This survey's results differed significantly from other assessments of the health status of Eritreans. The results have already led to a partial realignment of GSE and USAID priorities, and the survey has been eagerly studied by other donors.

a. Child Survival and Diseases

USAID funded a major international development success story in salt iodization. Iodine Deficiency Disorder (IDD) is a serious health problem in Eritrea. A 1993 survey found indications of IDD in 22% of children aged 9-11. A USAID grant to UNICEF, along with the Global Bureau's Opportunities for Micronutrient Interventions (OMNI) Project, assisted the GSE to **increase iodization of locally produced salt from 0% in 1994 to nearly 90% in 1996**. Eritrea is strategically positioned as a high-quality salt exporter to the Greater Horn of Africa region. significant regional benefits from this program are expected as well.

Another USAID grant to UNICEF (\$2.3 million) helped to expand the GSE's national immunization program through the procurement of vaccines and solar refrigerators for health stations, centers and hospitals; and expanded the health infrastructure including the construction of six health stations, the procurement of vehicles for difficult-to-reach facilities, the procurement of maternity, pediatric and Maternal and Child Health kits as well as training health staff and upgrading training facilities. Integrated oral rehydration therapy (ORT), Vitamin A and iron deficiency interventions were integrated with the immunization program. In concert with other donors, these efforts achieved **an increase in "fully vaccinated" coverage for children under five from 24.3% in 1994 to 33.6% in 1996**.

The Africare-MOH Child Survival and Maternal Health Partnership in Northern Denkalia (CS/MHP), was funded from the BHR/PVC Child Survival Matching Grant program. To date, the main accomplishment has been the **training of 41 traditional birth attendants (TBAs)**. The TBAs have learned the value of safe delivery procedures, the need for referral to a health facility, the childhood immunization schedule, the importance of breast-feeding and oral rehydration therapy for the management of diarrhea. In the six

months **the trained TBAs** have been working, they **have assisted approximately 50% of home deliveries** in the region. In this extremely remote area with inadequate health staff and infrastructure, the TBA intervention has proven to be a valuable way to reach the community. Africare is also active in the immunization program through this grant; by providing equipment, technical assistance and training they have **increased coverage of fully-immunized children 0-11 months in the region from 0% at baseline to 10%** after only six months of immunization service provision.

USAID-funded technical assistance through the Global Bureau's BASICS activity has enabled the Ministry of Health to **develop the National Drug Policy and Treatment Guidelines, the Primary Health Care Policy Guidelines and the nursing curriculum for the College of Health Sciences**. **Approximately 50 nursing students are now enrolled** in the new baccalaureate nursing program. The technical assistance has also been instrumental in building the State of Eritrea Management Information System for Health (SEMISH) and has worked with the MOH to install the software, reporting systems and procedures necessary for the effective implementation of this system. Senior health information management specialists are currently being trained in computer programming which will result in a customized health information system for Eritrea. Technical assistance has also been provided to develop national indicators and will be provided to train facility-based practitioners in correct reporting procedures and data utilization for service provision.

USAID has also been working closely with the MOH to decentralize health services planning. BASICS has funded and facilitated the first **decentralized regional planning workshops** in three target zones. The MOH responded very positively to the first workshops and quickly implemented similar workshops in the rest of the nation with other donor funding. The local governments played a key role in these efforts and other ministries are also looking to this model to help implement their decentralization plans.

Direct assistance from USAID/Eritrea to the Ministry of Health through USAID's bilateral agreement has included financing for equipment and supplies, renovation of the National Drug Quality Control Laboratory and the Central Laboratory, furniture and equipment for these laboratories, national and zonal workshops, and international travel.

b. Population/Reproductive Health

USAID has been working in concert with the Ministry of Health and other partners to expand family planning and other reproductive health services to Eritreans, particularly women. Since funding through SEATS began in March 1996 **the MOH developed a national in-service family planning training curriculum and conducted the first in-service FP training** drawing twenty practitioners from Gash-Barka, Southern and Central zones. The participants are being contacted now for a follow-up survey, and further training will be held in 1997.

USAID through SEATS (Family Planning Service Expansion and Technical Support) participated in the country's first Safe Motherhood Conference in October 1996 with the **production of a video on maternal mortality** and **two presentations on female circumcision** in Eritrea. An assessment of female circumcision was conducted as well as a review of local capacity to implement activities to eradicate this harmful traditional practice. In the next year this activity will move beyond assessment and education to develop national level advocacy and grassroots mobilization.

In August 1996, SEATS conducted a **health logistics assessment** and presented recommendations for improvement to the MOH (this activity was co-funded by UNFPA and BASICS). The MOH is reviewing the recommendations and is planning to work with Family Planning Logistics Management to install essential forecasting software for commodities management and forecasting at the Central Medical Store.

SEATS also developed a subagreement with the National Union of Eritrean Youth and Students (NUEYS) to increase access to family planning and reproductive health services to persons aged 15-35 in Eritrea. The first reproductive health seminar was held at the training camp for national service, SAWA, in December 1996. **Information regarding reproductive health was disseminated to 22,000 youth.** Through this same subagreement, SEATS is supporting the NUEYS Youth Clinic in Asmara, Eritrea.

Through field support to Contraceptive Central Procurement, USAID/Eritrea **procured two million condoms for the MOH in June 1996.** In late 1996, USAID/Eritrea initiated the procurement of contraceptives to meet supply requirements for 1997.

c. HIV/AIDS

Activities in HIV/AIDS will initiate in FY97 under a contract signed in late FY96. Population Services International (PSI), working with a local partner as well as the MOH, will target four urban centers with eventual progression to more rural areas. The campaign will include **high-impact communications and private sector distribution of low-cost condoms.**

d. Participant Training

USAID/Eritrea supported, **two participants successfully completed their MPH** in Boston University, **two others completed a one year Information Systems Certificate** in Massachusetts Bay Community College and Certificate in **Clinical Pharmacology**, Idaho State University, respectively. Another participant also successfully completed her **MS in Nursing** at the University of California.

The participants have all returned to Eritrea and are currently working in the positions assigned to them.

e. In Country Training

In collaboration with The Embassy of Israel in Asmara (who brought two lecturers in Pediatric Nursing from Israel) and the Ministry of Health, USAID/Eritrea sponsored the **training of 24 Pediatric Nurses.** The participants came from different regions of the country, and USAID/Eritrea funded the travel and per diem for both lecturer's and participants as well as teaching material.

2. Expected Progress through FY1999 and Management Actions

New activities, strategic alignment, indicators and targets are all detailed in the Investment Partnership. It is expected that over the next year technical assistance and expenditures will increase sharply resulting in initial improvements in primary health care service quality and delivery in targeted areas,

3. Performance Data Tables

No performance data tables are included in this report. To date, USAID/Eritrea has operated without an approved strategy, and performance monitoring has occurred at the activity level rather than the objective level. The Investment Partnership includes performance monitoring frameworks, with indicators and targets.

Investment Objective 2: Increased income of enterprises, primarily rural, with emphasis on exports

1. Performance Analysis

USAID/Eritrea experience with a variety of activities over the last few years in the area of reintegration of returnees and demobilized fighters, micro credit, small enterprise development, pest management and water harvesting schemes, as well as intensive consultation with partners, confirms that enterprise development, with a focus on the rural sector, is a sound strategy.

A pilot micro-credit program targeted demobilized women and women heads of households. With a modest investment of less than \$25,000, **55 micro enterprises were started or expanded** in 1996. **The repayment rate has been 100%** and always on time. A follow-up survey reached 30 of the women and showed that the loans had a major positive impact. For example, before the program only 2 of the women had any personal savings, even of a few dollars. When the follow-up survey was taken, all 30 women had savings.

Assistance to returning refugees composed of land, agricultural hand tools, tractor services, seeds and livestock has **provided 1,700 families with the means of beginning a new life** in Eritrea. Due to failed rains in the region this year, it is difficult to assess the impact of the assistance. However, the appearance of a **variety of shops for goods and services** in early resettlement sites indicates that new enterprises are forming with consequent income growth. This pilot activity also provided valuable lessons for future program design. For example, it was learned that not all families desire a plot of land or livestock. In the future, a choice of economic assistance packages will be offered.

The **provision of 33 tractors with accessories** for use by demobilized fighters at five settlement sites and a commercial farm has led to additional land under cultivation and increased productive capacity at these sites. Compatibility problems produced delays that hampered the usefulness of the tractors this season, but the problems are being solved and greater benefit is expected next season.

Locust control in Eritrea is very strategic because locusts bred in Eritrea could devastate crops anywhere from Morocco to Pakistan. The Africa Bureau's AELGA project has initiated two activities in Eritrea. The first was a **training program which reached Plant Protection Service employees, extension agents, and 120 "lead farmers"**. Graduates of the training program were **instrumental in the early identification and quick response to a potential locust upsurge** in 1995. USAID/Eritrea lent limited

logistical support to the pesticide spraying response at that time which successfully prevented a devastating crop loss.

Under the Research Grants Program for Historically Black Colleges and Universities, Virginia State University and the Ministry of Agriculture have started a program to evaluate Vernonia as a **potential new industrial oil seed crop for Eritrea**. Vernonia produces a natural low-viscosity epoxy oil with wide industrial application. As a native plant to Eritrea, its domestication has good potential. A variety of seeds from the United States, Ethiopia and Eritrea were planted in 1996 and the first harvest started in the same year. Because of the great variation in maturity between the different seeds, final results of the harvest are not yet available.

A second AELGA-sponsored activity is using locusts found in Eritrea for a **research project to identify a biological alternative to pesticide spraying** to control locust infestations. Promising fungi have been identified; if proven effective and viable they would offer a much less environmentally-damaging alternative for locust control.

PL-480 Title II PVO resources provided through Africare are successfully **building a 4000 hectare irrigation system in a remote, food-deficient** region. Participation by the resident population and the deployment of a contingent of National Service Youth by the Ministry of Defense attest to the **commitment of the resident community** and the GSE.

35,000 MT of PL-480 Title III wheat helped alleviate a food crisis, build reserve stocks, and provided **\$45.6 million birr for rebuilding rural roads (approx. 200 km)**.

In promoting investment USAID/Eritrea supported the **first marketing trip by Eritrean growers to Saudi Arabia**, and the first **investment mission to the US by Eritrean businessmen**. A USAID-funded linkage between the USGS and Eritrea Ministry of Energy resulted in a feasibility study of geothermal services. The positive results are being used to **identify a major investor for geothermal resources which could provide 30% of Eritreas needs**.

2. Expected Progress through FY1999 and Management Actions

New activities, strategic alignment, indicators and targets are all detailed in the Investment Partnership. Over the next year it is expected that direct assistance to selected enterprises will begin, rural banking will expand, several marketing and investment missions will be supported, and one two major foreign investments will be facilitated.

3. Performance Data Tables

No performance data tables are included in this report. To date, USAID/Eritrea has operated without an approved strategy, and performance monitoring has occurred at the activity level rather than the objective level. The Investment Partnership includes performance monitoring frameworks, with indicators and targets.

Investment Objective 3: Increased capacity for accountable, democratic governance at local and national levels

1. Performance Analysis

USAID/Eritrea's support for the Eritrean Referendum in early 1993 was the initial support of the Agency's Democracy and Governance objectives. The Democratic Governance Investment Objective initiated under the umbrella of USAID/Eritrea's Technical Assistance Project (TAP) in 1993, which supported an earlier Democracy and Governance Target of Opportunity. In mid-1995 after several rounds of consultations with the President's Office and several key institutions, USAID/Eritrea designed and negotiated a "Governance Amendment" to the TAP project which incorporated elements such as support to the Constitutional Commission; and institutional strengthening/ capacity building to the Central Bank of Eritrea, the University of Asmara, the Ministry of Justice and the Ministry of Local Government.

Constitution Commission:

In conjunction with other partners, USAID gave a grant to UNDP to support the **outreach and civic education efforts of the Constitution Commission** in producing a draft of the first Eritrean Constitution. This draft was developed following extensive educational activities and after widespread village and town meetings throughout the country and among the Diaspora. The draft constitution has been vetted publicly. **Elections (and elections among the Diaspora) for local assemblies were completed in early 1997.** A Constituent Assembly from the local assemblies will endorse and ratify the final constitution in May, 1997, and the government will begin to implement it.

University of Asmara Strengthening:

During the Dergue Regime the University of Asmara (UA) was totally dismantled, books and computers including staff were taken to Addis Ababa and Southern Ethiopia leaving the University with nothing.

With a goal of enabling the University of Asmara (UA) to better meet the training needs of the Government of the State of Eritrea (GSE), USAID/Eritrea initiated a broad array of support to "governance faculties" including the procurement of books, materials, and computer equipment to strengthen the Law and other University Libraries, the Computer Center and the Department of Social Sciences.

University Linkages

Through the Global Bureau's University Development Linkage Program (UDLP), USAID/Eritrea obligated \$1.3 million to establish a \$2.6 million linkage between the University of North Carolina in Chapel Hill (UNC) and the University of Asmara (UA).

A primary purpose of this linkage was curriculum development:

< With funding from the Fulbright Program and cost sharing of UNC under this linkage, an American law professor was in Eritrea for 2 semesters, to teach some subjects in law and develop (in conjunction with Eritrean colleagues) a curriculum for the law faculty. The curriculum was favorably received by the Faculty Senate and in September, 1996, **30 students enrolled in a degree granting program in law.**

< **Two UA faculty were sent for training in Public Administration** and will return to the University in Fall, 1997 to begin the Asmara Public Administration degree program. **Three other candidates were accepted for a Master's Program by the UNC School of Journalism** and started their classes in mid-June, 1996.

< **A curriculum for a degree program in Political Science** with special emphasis on International Relations and Political Theory has been prepared by UNC and Eritrean partners and approved by UA's Faculty Senate. This means students may major in Political Science in the fall of 1997 if the requisite number of faculty is in place.

< The first **certificate program for working journalists** began at UA. **29 media professionals** who met the recommended standards were admitted and are obtaining certification. Short courses include radio communications and communication in developing nations.

UDLP has **provided textbooks** for classes in African Politics and related Government Relations. These books have been **used by 750 enrollees**. In addition materials for the library and research purposes are being developed by the UNC's social sciences bibliographer in consultation with relevant UA faculty.

USAID/Eritrea also funded the UA president and the head of the Health Sciences College to take part in a **study tour to universities** to establish an additional linkage between the Eritrean Institute of Management (EIM) and a U.S. university. The EIM is a UA institute geared to the provision of short-term, in-service management training services for government employees in the field of Management and Public Administration. After visiting various universities in different parts of the U.S., the university is negotiating with a consortium of universities in the areas of management and health. This linkage of the EIM with U.S. universities is expected to increase and sustain the professionalism of civil servants.

Participant training

After long discussions this year the University will **send 30 local government officials for Masters in Business Administration (MBA) training** in the U.S. An additional participant has completed a degree and returned to Eritrea already. The training will lead to more efficient and decentralized management in all sectors of public services.

Ministry of Justice (MOJ):

USAID/Eritrea has provided a direct grant for the **establishment of a law center** at the MOJ. Books and furniture have been provided. Plans include production of CD-ROMS for distributing relevant documents to the field.

USAID/Eritrea has funded the MOJ for the **translation of Ethiopian legal codes** (the de facto basis of Eritrean law) from English and Amharic into Tigrigna, now underway. This will enable judges at all levels to use appropriate codes.

USAID/Eritrea funded a **study tour in the U.S. for the Minister of Justice** and her legal advisor. This study tour was vital in helping the Minister develop her vision for capacity-building and reform in the legal system. During her tour in the U.S. the Minister conceptualized a plan for legal reform, and hired (with USAID support) six U.S. legal consultants to detail it. The study tour greatly enhanced the Minister's outlook, and it is expected that in FY97 and 98 activities will develop that will impact on a more effective delivery of services in the court system at all levels.

The National Council of Negro Women (NCNW): was invited to work in Eritrea (a distinction earned by few organizations!) under **an agreement to build the capacity of the National Union of Eritrean Women (NUEW)**. The program of assistance will enhance NUEW's management capabilities, human resource base and its ability to deliver services and empower women and women's organizations, especially in the Debub and Gash-Barka regions. A good working relationship has been created, and ground laid during this period will be an investment that will foster accomplishments such as improved NUEW management, governance, administration, and leadership skills, improved enabling environment for women, and women's organizations involved in entrepreneurial activities.

Strengthening of the Central Bank of Eritrea (CBE): Through a direct grant to the UNDP, USAID/Eritrea has been able to fund two Training Consultants. The said consultants have started **training CBE staff with monetary economics, financial**

management, statistics. These consultants have also assisted the CBE in conducting a feasibility study on alternative ways of establishing banking and financial institute. The procurement of equipment and an armored vehicle has also been initiated.

2. Expected Progress through FY1999 and Management Actions

New activities, strategic alignment, indicators and targets are all detailed in the Investment Partnership. Over the next year it is anticipated that the Constitution will be ratified and a National Assembly elected; university law, journalism and other graduates will be entering the economy and public service; the Ministry of Justice will draft new commercial and criminal codes; training of judges and local and federal administrators will begin; and the women's union's organizational, literacy and microcredit activities will be strengthened.

3. Performance Data Tables

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III. STATUS OF THE MANAGEMENT CONTRACT

The management contract between AID/W and USAID/Eritrea will be determined during the review of the Investment Partnership in Washington in April, 1997.

IV. RESOURCE REQUEST

1. Financial Plan

This section is a reiteration of the program resource request provided in the USAID Investment Partnership with Eritrea. In case of any discrepancies, the Investment Partnership document should be considered definitive.

The USAID Investment Partnership with Eritrea is an Integrated Strategic Plan in the sense that it incorporates several types of funding into a coherent, synergistic plan. The Partnership requests \$10 million per year in Development Assistance (DA) funding which forms the basis of the three Investment Objectives. An ongoing Title III Food for Development program will continue at \$6 million this year and \$5 million in FY98. This monetized food aid is dedicated to the reconstruction of secondary rural roads, in support of I.O.2 (rural incomes). Eritrea is a long-time recipient of Title II food aid and continues to have a structural food deficit. While the GSE Food Security Strategy aims to wean Eritrea from food aid within ten years, in the short term the need for food aid is assured. Thus, it is possible to make multi-year plans and incorporate Title II food aid into

development plans. The Investment Plan assumes \$2 million per year in Title II, and incorporates it into I.O.2 (rural incomes). Finally, \$2 million in BHR/PVC Child Survival Grants are incorporated into I.O.1 (primary health care). The "Crisis Modifier" will ensure effective, well-coordinated use of any emergency funding should a crisis situation arise.

Table 1 Resource Requirements (in \$ millions)						
Investment Objective	FY97	FY98	FY99	FY00	FY01	TOTAL
I.O.1 PHC						
DA	3.5	3.5	3.0	2.5	2.5	15.0
PVO Grants	--	1.0	--	1.0	--	2.0
I.O.1 Total	3.5	4.5	3.0	3.5	2.5	17.0
I.O.2 ENT						
DA	5.2	4.5	5.0	5.0	5.0	24.7
Title III	6.0	5.0	--	--	--	11.0
Title II	2.0	2.0	2.0	2.0	2.0	10.0
I.O.2 Total	13.2	11.5	7.0	7.0	7.0	45.7
I.O.3 GVN						
DA Total	1.3	2.0	2.0	2.5	2.5	10.3
Total DA Funding	10.0	10.0	10.0	10.0	10.0	50.0
PVO Grants	--	1.0	--	1.0	--	2.0
Title II & III	8.0	7.0	2.0	2.0	2.0	21.0
Grand Total	18.0	18.0	12.0	13.0	12.0	73.0

2. Prioritization of Objectives

A significant reduction in funding would be accommodated by phasing out Investment Objective 3, **Increased capacity for accountable, democratic governance at local and national levels**. The other two objectives, I.O.1 (primary health care) and I.O.2 (rural income) must be preserved near to current levels. These two objectives are immediate priorities of the GSE, they are broad and deep needs which require significant resources, and they represent USAID/Eritrea's early commitments to the GSE. I.O.3 has a substantial pipeline and could be phased-out on that pipeline while still achieving some significant results for the next two or three years. Also, the achievement of this Objective is "staff-intensive"; with reduced program resources it would no longer be cost-effective to allocate of USAID/Eritrea for force at a much-reduced funding level.

3. Linkage of Field Support, Non-emergency Title II and Title III

I.O.1 (primary health care) relies extensively on G. Bureau field support. The other I.O.s require little if any G. Bureau field support. See the attached Field Support table for details.

Non-emergency Title II and Title III resources are thoroughly integrated into the development strategy. Proceeds from monetized Title III resources are dedicated to rebuilding a secondary roads network, in support of I.O.2 (rural income). Title II resources remain a viable development resource for Eritrea in the short term through NGO/PVO food production activities. Eritrea has never been able to meet more than two-thirds of its cereal requirements from domestic production. Strategic coordination between USAID/Eritrea, GSE and PVO Cooperating Sponsors identifies activities that enhance food security, fit well with GSE and USAID strategies, and have strong and effective USAID oversight.

4. Workforce and OE

USAID/Eritrea is one of the Agency's few new country programs; the office of the USAID Representative was only officially established in FY95 with three FTEs. The workforce and operating expense levels for the current and next fiscal years reflect the establishment of a new program rather than the consolidation or contraction prevalent in other USAID programs.

A formal Management Assessment in January, 1995, conducted by a team of experienced USAID specialists, remains valid and its recommendations provide the basis for planned workforce and OE levels. USAID/Eritrea intends to maintain lean operations below the Assessment's "Present Course" recommendation 4 USDH, 6 USPSC and 28 FSNs. To effectively and accountably operate and implement three Investment Objectives, USAID/Eritrea requests only four USDHs, three USPSCs, and twenty four FSNs. USAID/Washington approved this level in the parameter-setting review (cable 96 STATE 107495).

1996 was the critical year for the establishment of USAID/Eritrea. By January, 1997, a USDH Representative, Supervisory and General Development Officers and Program Officer, a USPSC Executive Officer and Project Manager, a TAACS Health Advisor and two Fellows were finally at post along with 22 FSNs. This workforce level will not change substantially through 1998.

USAID/Eritrea has also embarked upon an ambitious training and team-building effort focusing on its Eritrean staff. At least six FN staff per year participate in USAID or other formal training programs outside of Eritrea (two-to-three FSN staff in the U.S.). USAID/Eritrea is also considering a MULTIPLE -year arrangement with a U.S. management consultancy to provide regular, intensive management skill and team building training. Investment now in the Eritrean staff will enable more rapid "Eritreanization" of USAID/Eritrea.

By 1999 the operations, program, grantees/contractors and necessary systems should be well-established, strong working relationships and acceptable procedures established with the new government, and FSN employees well-trained and capable of management responsibilities. Thus, in 1999 the USPSC level would be able to be decreased as the FSNs, intermediary, organizations, and GSE take greater responsibility for activity management. Therefore, annual OE requirements which peaked at over \$1.1 million in FY96-97 with the maximum US and FN workforce on board, will begin to decline in FY98. After FY98, requirements should begin to decline to the \$900,000 range. At these staffing and OE levels, USAID/Eritrea will have the leanest ratios of staffing and OE relative to program level of any USAID office in Africa.

Table 2 USAID/Eritrea Staffing Plan (Full Time Equivalent)						
Operating Expense Funded	FY96 Actual	FY97	FY98	FY99	FY00	FY01
US DH	3	4	4	4	4	4
FSN DH	0	0	0	0	0	0
FSN PSC	20	22	22	22	22	22
US PSC	1	1	1	0	0	0
Subtotal	24	27	27	26	26	26
Program Funded						
FSN PSC	0	1	2	2	3	4
US PSC	1	2	2	2	1	0
Subtotal	1	3	4	4	4	4
GRAND TOTAL	25	30	31	30	30	30

Table 3 Operating Expenses Projections (\$ thousands)					
FY97	FY98	FY99	FY00	FY01	TOTAL
\$1,100	\$950	\$900	\$900	\$900	\$4,750

5. Environmental Compliance

Eritrea's environment is severely degraded. A generation ago thirty to forty percent of the country was covered by forests -- today it is less than one percent. The Eritrean government is taking steps to conserve the existing forests, and to reforest large parts of the country which are subject to soil erosion. Action (a British NGO) is working with the Ministry of Agriculture to develop a forestry management plan, and intends to do an aerial survey of heavily forested regions.

Eritrea has pristine coral reefs and coastal ecosystems. The Ministry of Marine Resources is developing an environmental assessment and management program with the assistance of the UK's Overseas Development Administration and the WB Global Environmental Facility.

Due to the previous and ongoing assistance of other donors in the environmental area, the GSE did not invite USAID to become involved in the environmental arena. However, USAID/Eritrea will ensure that environmental its investment activities.

Neither the health nor the governance investment objectives will have a significant environmental impact. The health objectives will involve some minor construction or rehabilitation of health facilities, but this impact will be minimal. The health objective may involve some drilling of water wells, which could have an impact on the water table. However, the extent of this activity is so minimal that it is not foreseen at this time as constituting a significant environmental hazard or impact.

The Technical Assistance component of the Rural Enterprise Investment Partnership qualifies for a categorical exclusion as determined under the "Initial Environmental Examination" granted in September 1996. With regard to the Eritrean Rural Investment Fund (ERIF), funded activities must observe basic precautions. Enterprises funded under this program will have their planned activities evaluated to ensure that they are based on environmentally sound practices, and that they have no substantive adverse environmental impact.

For the Bada Irrigated Agricultural activity under the PL-480 Title II Program, an Environmental Impact Assessment has been completed for the irrigation system component. With regard to the use of pesticides at the project site, a risk/benefit analysis will be conducted. A watershed management plan will outline a system to monitor flood regimes, salinity changes, sedimentation and erosion effects, pollution potential, biological changes, socio-economic and health impacts, and ecological imbalances. Environmental officers from AFR/SD and REDSO/ESA have contributed to the verification and monitoring plans.